

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1884 – SB 1843

March 27, 2016

**SUMMARY OF ORIGINAL BILL:** Requires the Tennessee Higher Education Commission (THEC) and the governing bodies of public higher education institutions to include hierarchical organizational charts showing relationships between its officials and between its departments and divisions in the budget documents that are presented to the Finance, Ways, and Means Committees of the Senate and the House of Representatives, respectively.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (014948):** Deletes all language of the original bill. Creates the Joint Higher Education Audit Committee (JHEAC). The committee shall be composed of nine members as follows: the Chair of the Senate Finance, Ways, and Means Committee; the Chair of the House Finance, Ways, and Means Committee; the Chair of the Senate Education Committee; the Chairs of the House Education Administration and Planning Committee and Subcommittee; the Chairs of the House Education Instruction and Programs Committee and Subcommittee; one at-large member of the Senate appointed by the Speaker of the Senate; and one at-large member of the House of Representatives appointed by the Speaker of the House of Representatives. If any at-large member of the JHEAC ceases to be a member of the General Assembly, the at-large member shall cease to be a member of the JHEAC. The Speaker who appointed the member to fill the at-large position shall fill the vacancy.

All members of the JHEAC shall be voting members. The JHEAC shall elect a chair, vice chair, and other officers as it deems necessary. The JHEAC shall meet in an organizational meeting prior to July 1, 2016, and shall meet as necessary thereafter. Members of the JHEAC or any subcommittee are entitled to reimbursement for expenses in attending meetings of the JHEAC at the same rates in the same manner as when conducting legislative business for the General Assembly.

Authorizes the JHEAC to request the assistance of the Tennessee Higher Education Commission (THEC) as its facilitator in performing duties. Requires THEC to assist in setting the meetings and agendas of the JHEAC. Requires THEC to perform such duties for the JHEAC as required to achieve the objectives of making public higher education systems and institutions operate more efficiently and to make use of state resources in the most efficient manner.

HB 1884 – SB 1843

Sets forth duties of the JHEAC which include but are not limited to: defining the scope of the audit; issuing requests for proposal (RFP) for consulting services in defining and setting the scope of the audit and for the performance of an efficiency audit; to review RFP proposals that are received; to request authorization and funding to implement efficiency audits; and to review the audit's findings and recommendations to determine whether inefficiencies exist at higher education institutions and systems.

THEC shall report to the 110<sup>th</sup> General Assembly on efforts of the JHEAC in achieving the objectives of making public higher education systems and institutions operate more efficiently. THEC shall specifically address how proposed changes at the systems or institutions to achieve cost efficiencies shall affect tuition and fees.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **Increase State Expenditures- Exceeds \$103,100**

Assumptions for the bill as amended:

- Nine members of the General Assembly will serve on the JHEAC.
- The JHEAC shall meet in an organizational meeting prior to July 1, 2016, and shall meet as necessary thereafter; therefore, it is estimated that at least one meeting per year will require per diem and travel reimbursement payments.
- Legislative members receive \$204 per diem per day for official legislative activities and \$0.47 per mile for travel. It is assumed that each member will make a round trip of 297 miles per meeting.
- The recurring increase in state expenditures is estimated to exceed \$3,092 [(9 members x \$204) + (9 members x \$0.47 x 297 miles) x 1 minimum meeting].
- The JHEAC will authorize at least one efficiency audit to be performed annually.
- The JHEAC is authorized to procure and enter into consulting contracts for audit preparation and execution. The extent of any such resources required is unknown at this time; however, based on prior contracting costs for committees, and any costs for the Comptroller or THEC to hire additional temporary or part-time staff as necessary, the recurring increase in state expenditures is reasonably estimated to exceed \$100,000.
- The total recurring increase in state expenditures is estimated to exceed \$103,092 (\$100,000 + \$3,092).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/rbp